

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2371

Introduced by Assembly Member Frazier

February 18, 2016

An act to ~~amend Section 18871~~ *add and repeal Article 2 (commencing with Section 18706) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2371, as amended, Frazier. Voluntary—~~contributions~~. *contributions: Special Olympics Fund.*

Under existing law, taxpayers are allowed to contribute amounts in excess of their personal income tax liability for the support of various funds. Existing law also contains administrative provisions that are generally applicable to voluntary contributions.

This bill would allow a taxpayer to designate an amount in excess of personal income tax liability to be deposited to the Special Olympics Fund, which the bill would create. The bill would require moneys transferred to the Special Olympics Fund, upon appropriation by the Legislature, to be allocated to the Franchise Tax Board and the Controller, as provided, and to the Special Olympics Northern California and the Special Olympics Southern California for the purpose of funding activities of the Special Olympics, as provided.

~~Existing law authorizes an individual to designate on his or her personal income tax return that a specified amount in excess of his or her tax liability be transferred to various funds, and provides requirements relating to the placement of the funds on the tax return~~

~~form and the effect of these provisions that govern the voluntary contributions.~~

~~This bill would make nonsubstantive changes to this provision.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Article 2 (commencing with Section 18706) is*
2 *added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and*
3 *Taxation Code, to read:*

4
5 *Article 2. Special Olympics Fund*
6

7 18706. (a) *Any individual may designate on the tax return that*
8 *a contribution in excess of the tax liability, if any, be made to the*
9 *Special Olympics Fund established by Section 18707 to be used*
10 *by the Special Olympics Northern California and the Special*
11 *Olympics Southern California.*

12 (b) *The contribution shall be in full dollar amounts and may be*
13 *made individually by each signatory on the joint return.*

14 (c) *A designation under subdivision (a) shall be made for any*
15 *taxable year on the initial return for that taxable year, and once*
16 *made shall be irrevocable. If payments and credits reported on*
17 *the return, together with any other credits associated with the*
18 *individual's account, do not exceed the individual's tax liability,*
19 *the return shall be treated as though no designation has been*
20 *made.*

21 (d) (1) *The Franchise Tax Board shall revise the form of the*
22 *return to include a space labeled "Special Olympics Fund" to*
23 *allow for the designation permitted under subdivision (a). The*
24 *form shall also include in the instructions information that the*
25 *contribution may be in the amount of one dollar (\$1) or more and*
26 *that the contribution shall be used to conduct the activities of the*
27 *Special Olympics Northern California and the Special Olympics*
28 *Southern California.*

29 (2) *Notwithstanding paragraph (1), a voluntary contribution*
30 *designation for the Special Olympics Fund shall not be added on*
31 *the tax return until another voluntary contribution designation is*
32 *removed or space is available, whichever occurs first.*

1 (e) A deduction shall be allowed under Article 6 (commencing
2 with Section 17201) of Chapter 3 of Part 10 for any contribution
3 made pursuant to subdivision (a).

4 18707. There is hereby established in the State Treasury the
5 Special Olympics Fund to receive contributions made pursuant to
6 Section 18706. The Franchise Tax Board shall notify the Controller
7 of both the amount of money paid by taxpayers in excess of their
8 tax liability and the amount of refund money that taxpayers have
9 designated pursuant to Section 18706 to be transferred to the
10 Special Olympics Fund. The Controller shall transfer from the
11 Personal Income Tax Fund to the Special Olympics Fund an
12 amount not in excess of the sum of the amounts designated by
13 individuals pursuant to Section 18706 for payment into that fund.

14 18708. All moneys transferred to the Special Olympics Fund
15 pursuant to Section 18707, upon appropriation by the Legislature,
16 shall be allocated as follows:

17 (a) To the Franchise Tax Board and the Controller for
18 reimbursement of all costs incurred by the Franchise Tax Board
19 and the Controller in connection with their duties under this article.

20 (b) The balance shall be divided between the Special Olympics
21 Northern California and Special Olympics Southern California
22 based on the amount of donations provided by taxpayers in each
23 organization's jurisdiction based on the county of the taxpayer
24 contributing, for the purpose of supporting children and adults
25 with intellectual disabilities.

26 18709. (a) Except as otherwise provided in paragraph (2) of
27 subdivision (b), this article shall remain in effect only until January
28 1 of the fifth taxable year following the first appearance of the
29 Special Olympics Fund on the personal income tax return, and is
30 repealed as of December 1 of that year.

31 (b) (1) By September 1 of the second calendar year and each
32 subsequent calendar year that the Special Olympics Fund appears
33 on the tax return, the Franchise Tax Board shall do both of the
34 following:

35 (A) Determine the minimum contribution amount required to
36 be received during the next calendar year for the fund to appear
37 on the tax return for the taxable year that includes that next
38 calendar year.

39 (B) Determine whether the amount of contributions estimated
40 to be received during the calendar year will equal or exceed the

1 minimum contribution amount determined by the Franchise Tax
2 Board for the calendar year pursuant to subparagraph (A). The
3 Franchise Tax Board shall estimate the amount of contributions
4 to be received by using the actual amounts received and an
5 estimate of the contributions that will be received by the end of
6 that calendar year.

7 (2) If the Franchise Tax Board determines that the amount of
8 the contributions estimated to be received during a calendar year
9 will not at least equal the minimum contribution amount for the
10 calendar year, this article shall be inoperative with respect to
11 taxable years beginning on or after January 1 of that calendar
12 year and shall be repealed on December 1 of that year.

13 (3) For purposes of this section, the minimum contribution
14 amount for a calendar year means two hundred fifty thousand
15 dollars (\$250,000) for the second calendar year after the first
16 appearance of the Special Olympics Fund on the personal income
17 tax return or the minimum contribution amount as adjusted
18 pursuant to subdivision (c).

19 (c) For each calendar year, beginning with the third calendar
20 year after the first appearance of the Special Olympics Fund on
21 the personal income tax return, the Franchise Tax Board shall
22 adjust, on or before September 1 of that calendar year, the
23 minimum contribution amount specified in subdivision (b) as
24 follows:

25 (1) The minimum estimated contribution amount for the calendar
26 year shall be an amount equal to the product of the minimum
27 estimated contribution amount for the calendar year multiplied
28 by the inflation factor adjustment as specified in subparagraph
29 (A) of paragraph (2) of subdivision (h) of Section 17041, rounded
30 off to the nearest dollar.

31 (2) The inflation factor adjustment used for the calendar year
32 shall be based on the figures for the percentage change in the
33 California Consumer Price Index for all items received on or
34 before August 1 of the calendar year pursuant to paragraph (1)
35 of subdivision (h) of Section 17041.

36 (d) Notwithstanding the repeal of this article, any contribution
37 amounts designated pursuant to this article prior to its repeal shall
38 continue to be transferred and disbursed in accordance with this
39 article as in effect immediately prior to that repeal.

1 ~~SECTION 1. Section 18871 of the Revenue and Taxation Code~~
2 ~~is amended to read:~~

3 ~~18871. In implementing this chapter, all of the following~~
4 ~~requirements shall apply:~~

5 ~~(a) Unless otherwise specifically required by law, each voluntary~~
6 ~~contribution fund or account established by this chapter shall be~~
7 ~~included on the forms of the return through the taxable year~~
8 ~~immediately preceding the year of repeal of the article establishing~~
9 ~~that voluntary contribution fund or account.~~

10 ~~(b) Notwithstanding the repeal of an article of this chapter, the~~
11 ~~voluntary contribution fund or account specified in that article~~
12 ~~shall continue in effect until December 31 of the year of the repeal~~
13 ~~of that article, and any contribution designated pursuant to that~~
14 ~~article on a timely filed initial return for the taxable year~~
15 ~~immediately preceding the date of repeal shall be transferred and~~
16 ~~disbursed, and all costs incurred by the Franchise Tax Board and~~
17 ~~Controller in connection with the transfer and disbursement of~~
18 ~~these contribution amounts shall continue to be paid, in accordance~~
19 ~~with that article as it read immediately prior to its repeal.~~

20 ~~(c) Unless otherwise specifically required by law, a contribution~~
21 ~~made to any voluntary contribution fund or account established~~
22 ~~by this chapter shall be subject to the following provisions:~~

23 ~~(1) In the event that a designee is not specified, the contribution~~
24 ~~shall, after reimbursement of the direct actual costs of the Franchise~~
25 ~~Tax Board for the collection and administration of contributions~~
26 ~~made under this article, be transferred to the General Fund.~~

27 ~~(2) In the event an individual designates a contribution to more~~
28 ~~than one account or fund listed on the tax return, and the amount~~
29 ~~available is insufficient to satisfy the total amount designated, the~~
30 ~~contribution shall be allocated among the designees on a pro rata~~
31 ~~basis.~~

32 ~~(d) (1) If the number of contingent voluntary contribution~~
33 ~~designations that are eligible to be added to the tax return for a~~
34 ~~taxable year is greater than the number of voluntary contribution~~
35 ~~designations removed, those contingent voluntary contribution~~
36 ~~designations that are eligible to be added to the tax return shall be~~
37 ~~added to the tax return in the order of the date of enactment, with~~
38 ~~the voluntary contribution designation with the earliest date of~~
39 ~~enactment to be added first.~~

40 ~~(2) For purposes of this subdivision:~~

1 ~~(A) A contingent voluntary contribution designation means a~~
2 ~~voluntary contribution designation authorized under this chapter~~
3 ~~that may not be added to the tax return until another voluntary~~
4 ~~contribution designation is removed from the tax form.~~

5 ~~(B) The date of enactment of a contingent voluntary contribution~~
6 ~~designation authorized under this chapter shall be the date the act~~
7 ~~authorizing the contingent voluntary contribution designation was~~
8 ~~filed with the Secretary of State. In the event that more than one~~
9 ~~act authorizing a contingent voluntary contribution designation is~~
10 ~~filed with the Secretary of State on the same date, the act with the~~
11 ~~lowest chapter number will be conclusively presumed to have been~~
12 ~~filed with the Secretary of State before any other act authorizing~~
13 ~~a contingent voluntary contribution designation with a higher~~
14 ~~number.~~

15 ~~(c) Notwithstanding subdivision (d), or the contingency language~~
16 ~~of an act prohibiting the addition of a contingent voluntary~~
17 ~~contribution designation until another voluntary contribution~~
18 ~~designation is removed, the Franchise Tax Board may add one or~~
19 ~~more voluntary contribution designations if the board determines~~
20 ~~that space is available on the tax return to accommodate the~~
21 ~~additional voluntary contribution designation.~~